



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 4/22/2003

GAIN Report Number: MX3054

## Mexico

### Agricultural Situation

### Weekly Highlights & Hot Bites, Issue #22

2003

**Approved by:**

William L. Brant

U.S. Embassy Mexico City

**Prepared by:**

Jorge Sánchez

---

**Report Highlights:**

SECRETARIAT OF THE ECONOMY PREPARES FOR U.S. COMMERCIAL LEADERS\* MEXICAN AVOCADO EXPORTS GROWING STRONG\* RISE IN U.S. YELLOW CORN PRICES\* AGRICULTURAL PACT PROMISES TO HALT MIGRATION TO THE U.S.\* FOX ADMINISTRATION HAS COMMITTED TO PROTECTIONIST MEASURES\* UNITED NATIONS ON A MISSION TO REDUCE AGRICULTURAL SUBSIDIES\* A NEW START FOR THE RURAL SECTOR\* IMPASSE ON AGRICULTURAL TRADE NEGOTIATIONS\* GREEN GROUPS WORRY ABOUT FAST-TRACKING BIOSECURITY LEGISLATION\* GOM REITERATES THE RISKS INVOLVED IN RENEGOTIATING NAFTA\* RENEGOTIATING WOULD BE THE WORST\* TAMAULIPAS FARMERS, WELL COMPENSATED\* CORN FARMERS DEMAND INCREASED SUPPORT\* U.S. MULTINATIONALS PRESUMABLY DOMINATE THE MEXICAN MARKET

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Mexico [MX1]  
[MX]

.....

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

.....

### **SECRETARIAT OF THE ECONOMY PREPARES FOR U.S. COMMERCIAL LEADERS**

On April 17, 2003, Secretary of the Economy Fernando Canales said he would seek solutions to agricultural trade problems concerning tuna, chicken and pork, as he will meet with commercial leaders from the United States after Holy Week. (Source: *La Jornada*, 4/17/03)

### **MEXICAN AVOCADO EXPORTS GROWING STRONG**

On April 16, 2003, Ricardo Salgado, President of the Avocado Producers, Packers, and Exporters Association, informed the press that the state of Michoacán generated over US\$60 million in avocado exports to the United States. In 2002, Michoacán exported 29,920 tons of avocados to the United States, added Mr. Salgado. Business leaders and investors are now planning a large-scale export strategy that would place approximately 120,000 tons of avocados in the global market. (Source: *Excelsior*, 4/17/03)

### **RISE IN U.S. YELLOW CORN PRICES**

On April 18, 2003, agricultural analysts and producer groups announced that yellow corn prices in the United States had risen since last week. The rise in prices will take its toll on poultry producers in Mexico. (Source: *Reforma*, 4/18/03)

### **AGRICULTURAL PACT PROMISES TO HALT MIGRATION TO THE U.S.**

The final version of the National Agricultural Pact, ready for President's Fox's and farming groups signature on April 28, 2003, promises to abate rural sector poverty and halt illegal migration of Mexico's rural sector farmers to U.S. cities. (Source: *Reforma*, *Milenio Diario*, 4/18/03)

### **FOX ADMINISTRATION HAS COMMITTED TO PROTECTIONIST MEASURES**

The federal government committed to implement new protectionist mechanisms in support of domestic production and, reportedly, avoid unfair trade practices by the United States and Canada. According to the final draft of the National Agricultural Pact, the Fox Administration promised to slow down U.S. and Canadian agricultural imports. (Source: *Milenio Diario*, 4/18/03)

## **UNITED NATIONS ON A MISSION TO REDUCE AGRICULTURAL SUBSIDIES**

On April 16, 2003, the Secretary General for the United Nations (UN), Kofi Annan, asked the governments of the main developed nations to significantly reduce agricultural subsidies. Annan designated Under-Secretary Louise Frechette, of the UN Economic and Social Council (ECOSOC) to head global efforts to eliminate agricultural subsidies and create better conditions for developing nations. (Source: *El Universal*, 4/17/03)

## **A NEW START FOR THE RURAL SECTOR**

Farming group leaders, in addition to the political party opposition, consider the National Agricultural Pact to be a salvation to the millions of poor rural countryside farmers. Additionally, the Fox Administration has received acclamation by these groups for admitting to having incongruent farming policies and launching new strategies for the betterment of national agriculture. (Source: *El Universal*, 4/18/03)

## **IMPASSE ON AGRICULTURAL TRADE NEGOTIATIONS**

The Agricultural Trade Negotiation Round held in Doha, Qatar, on November of 2001 by World Trade Organization (WTO) member countries continues in a state of impasse, as no consensus has been reached on tariff reductions, quotas, export credits, etc. Negotiations will continue in Cancun during the latter part of July this year. (Source: *El Financiero*, 4/16/03)

## **GREEN GROUPS WORRY ABOUT FAST-TRACKING BIOSECURITY LEGISLATION**

Amidst much protest by environment groups to recent biosecurity legislation, the Mexican Senate is looking to implement fast track legislation on genetically modified organisms (GMOs). Members of the Green Environmentalist Political Party (PVE) accused the Senate Science and Technology Committee of attempting to satisfy corporate interests and increase GMO seed sales with a swift passing of the proposed biosecurity legislation. (Source: *La Jornada*, 4/16/03)

## **GOM REITERATES THE RISKS INVOLVED IN RENEGOTIATING NAFTA**

On April 17, 2003, Gonzalo Altamirano, Chief of Government Administration of the Secretariat of Government Affairs, announced that President Fox's Administration is well aware of the risks involved in asking for a revision of NAFTA's agricultural chapter with the United States and Canada in the protection of white corn and dry beans. (Source: *Reforma*, 4/17/03)

## **RENEGOTIATING WOULD BE THE WORST**

On April 17, 2003, renowned economist José Manuel Suárez said he was convinced that the worst thing Mexico could do was to ask the United States and Canada to renegotiate NAFTA's agricultural chapter. Mr. Suárez characterized President Fox's government as one that was being demagogical and dishonest during the National Agricultural Pact negotiations, because the Fox Administration was not ready or willing to renegotiate NAFTA and probably never will. (Source: *Milenio Diario*, 4/17/03)

**TAMAULIPAS FARMERS, WELL COMPENSATED**

The federal government handed 460 million pesos (US\$42 million) to the northeastern state of Tamaulipas farmers for losses caused by drought conditions and water payment debts settled with the United States announced Secretary of Agriculture Javier Usabiaga and Governor Tomás Yarrington. (Source: *Reforma*, 4/18/03)

**CORN FARMERS DEMAND INCREASED SUPPORT**

On April 18, 2003, the Mexican Corn Production Confederation asked the federal government to ensure that corn production be made economically viable, ready for trade, and able to satisfy sanitary and phytosanitary commercial standards that are of paramount importance to national security. (Source: *Reforma*, 4/18/03)

**U.S. MULTINATIONALS PRESUMABLY DOMINATE THE MEXICAN MARKET**

Laura Juárez Sánchez, a researcher for the Laborer University of Mexico (UOM), recently published a book that argues that U.S. multinational corporations (MNCs) completely control imports of the three main grains in the Mexican diet: white corn, dry beans and sorghum. Ms. Juárez also argues that U.S. MNCs purchase soy, meat, rice and corn syrup from the United States, which systematically drive most domestic producers out of the market. (Source: *La Jornada*, 4/18/03)

**REPORTS SUBMITTED RECENTLY BY FAS/MEXICO CITY**

Number	Title	Date
MX3052	Sugar Reference Price to Pay Sugarcane for MY 2002/03	4/14/03
MX3053	Hot Bites Issue #21	4/16/03

We are available at <http://www.atomexico.gob.mx> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS' worldwide agricultural reporting.

**FAS/MEXICO EMAIL**

To reach us at FAS/Mexico City, email us at:  
[AgMexico@fas.usda.gov](mailto:AgMexico@fas.usda.gov) and/or [ATOMexico@fas.usda.gov](mailto:ATOMexico@fas.usda.gov).